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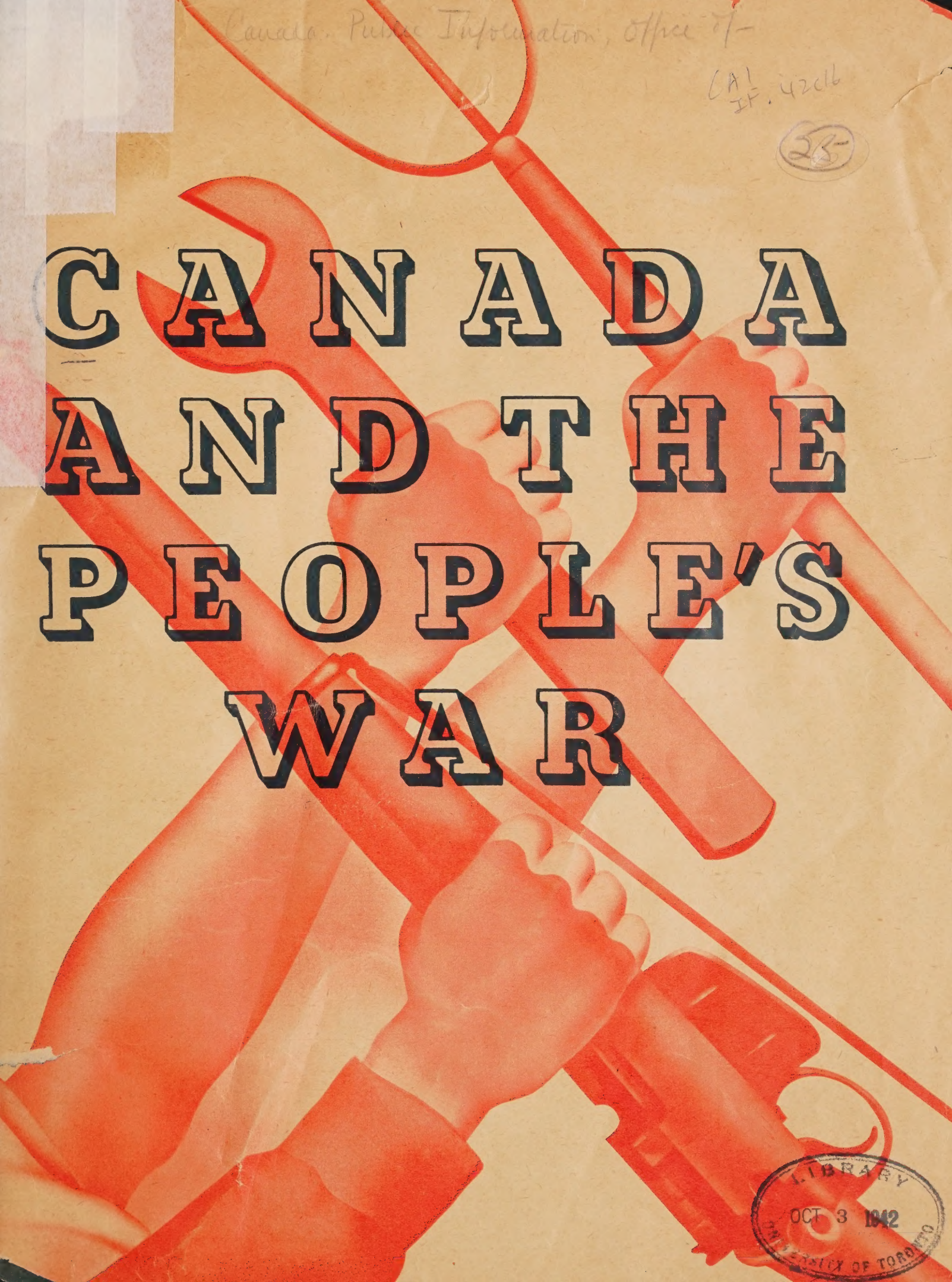
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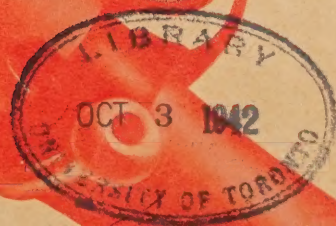
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CANADA AND THE PEOPLE'S WAR





"This is not only a war of soldiers in uniform, it is a war of the people — of all the people — and it must be fought, not only on the battlefield, but in the cities and in the villages, in the factories and on the farms, in the home and in the heart of every man, woman and child who loves freedom! This is the people's war! It is our war! We are the fighters! Fight it, then! Fight it with all that is in us! And may God defend the right."

From the motion picture "Mrs. Miniver".



THIS IS THE STORY OF CANADA AT WAR- HOW FOR THREE YEARS THE CANADIAN PEOPLE HAVE FOUGHT AND TOILED TO ADD FUEL TO THE FLAME OF LIBERTY



FOR three years the Canadian people have been at war — three years in which "incidents" have become wars and wars have spread and merged into a single conflict, drawing into its vortex even the most peaceable people.

War began for the Chinese five years ago when the Japanese burned and pillaged peaceful Chinese villages. It began seven years ago for the natives of Abyssinia when Italian bombs burst on squalid mud huts.

But for the people of the world it began more than three, five or seven years ago. It started in some pre-historic settlement when nomads stopped their wanderings to till the soil and live in peace. It is the age-old and continuing fight for freedom from oppression and tyranny—for the liberty of the individual and the dignity of human life. It is the people's war.

On September 10, 1939, Canada declared war. For the second time in a generation the sound of marching German feet echoed its challenge to liberty. The raucous voice of a victorious army entering the smoldering ruins of Warsaw threw out a new defiance of freedom:

*"To-day we have Germany,
Tomorrow the whole world is ours."*

On this third anniversary of Canada's entry into the second world war, democracy and the entire civilization with which it is associated is in the gravest peril. For three years Germany, its ideological allies, Japan and Italy, and its opportunist satellites, have conquered and placed in bondage many of the great nations of the world: Czechoslovakia, Poland, Denmark, Norway, the Netherlands, Belgium, France, Greece, Yugoslavia, the Philippines, Malaya, the Netherlands East Indies and Burma.

For the first time in history the North American Continent is menaced by invasion. The oceans and the icy wastes of the north are no longer insuperable barriers to conquest.

Canada's position in a world at war is clearly and realistically defined by Prime Minister King:

"Who can doubt that our security, that the security of this hemisphere depends upon holding the German and Japanese forces in check in the old world until, from the new, sufficient strength can be gathered to overcome their terrific power?

"The machines and weapons of modern war have annihilated space; they have all but destroyed time. Remoteness and distance provide no protection. In this war

'overseas' has in reality lost its meaning. The conflict is one, single and indivisible, whether it is fought on the sands of Egypt, on the steppes of Russia, in the depths of China, on the islands of the Pacific, in the Arctic wastes, or in the skies over Britain and Germany and the conquered countries in Europe. There can be no security for us, for our homes, and families, until the forces of the enemy are defeated and crushed."

Thus it is that the hope of the oppressed people of the world are centered on this continent, on the strength that is gathering here to meet the awful strength of the enemy.

In Canada the grim urgency of the task is speeding the marshalling of men and the production of materials for war. The outcome of the war, now at its climax, will be decided by the aid which comes from this continent, and to no inconsiderable extent by the help that comes from Canada.

When historians write the story of the first three years of the war they may say that Canadian weapons helped the allies in their woeful inadequacy of arms; that the food from this country sustained the British in their fight for their island home; that the men of Canada stood guard in the most critical period of history; that Canadian airmen helped change a defence in the air to a winning air offensive, and that sailors from the Dominion assisted the sorely pressed British Navy in snatching victory from the Axis when it was just within their grasp.

Canadians in these three years have turned a peaceful country to total war. At times they have accomplished what seemed impossible. More than half a million men wear the uniforms of the three fighting services. A large army has been sent to Britain, equipped and trained under great difficulty, and it now stands as a potent weapon in the allies' invasion plans. Every day and every night Canadian airmen are over Germany and occupied Europe devastating war plants which make weapons for the Axis, and disrupting the Prussian pattern of a master-slave Europe. Largely landlubbers, Canadians have taken to water and sailors of the Navy are everywhere on the seven seas.

In every battle since Dunkirk Canadian arms have been used. And they are going to Britain and our allies in every part of the globe in steadily increasing volume.

Canadian farmers are producing a vital part of the foodstuffs which feed the people of the United Kingdom. Wheat is being sent regularly to heroic and vanquished Greece as a gift from the Canadian people.

For a country with a relatively small population this record is great. But in the light of what remains to be done it must be bettered. Before victory is in sight Canadians will have to work harder and make more sacrifices. There is the example of the Chinese, the Russians, the Yugoslavs, the Greeks and the other people fighting for freedom by which to gauge our effort.

What is Canada's war objective? Here is the opinion of the Minister of Finance:

"Let us tell you what I think we should aim to do; I think we should aim to make a reputation for Canadian achievement in this war that will be the talk of the world for generations, that will be the pride of ourselves, our children and our children's children. I want our allies—I want the people of the United Nations—to ask themselves: 'How can 11,500,000 people in the northern part of the North American continent do so much and do it so well?'"





MANPOWER

There is a job for every man and woman in Canada at war—

In the Navy, Army and Air Force,

In the factories producing the machines and weapons of war,

On the farms growing food for Canada, its fighting men, and its allies,

And in the industries, utilities and services without which a highly complex society could not operate.

They are all vital war jobs. For a total effort none can be neglected. To do them all there is a limited number of men and women, who must be used as effectively as possible so that all the commitments of Canada will be fulfilled.

On the farms there are 1,250,000 workers. They have a big job, for food is vital to the allied nations, who cannot feed themselves.

More than 900,000 persons are directly and indirectly employed in war work and the number is growing steadily. Of this number 145,000 are women, and the number of women doing jobs,

formerly done by men, is increasing rapidly. Young girls, middle-aged and even older women are now doing a hard day's work in the factories of the nation.

Another 300,000 persons are employed in essential utilities and mining and the importance of this section of Canadians in war work is great indeed.

Finally, it is estimated, there are 2,000,000 persons employed in civilian industries.

All these total 5,000,000 workers, of whom only the last group producing civilian supplies can supply workers for more essential war work. Of the 2,000,000 it is believed about 500,000 could be diverted to war work without seriously affecting essential civilian needs.

For the five months from August to December this year 250,000 persons will be needed for the armed services and war industries. When these requirements have been met the number of Canadians available for the armed services and war industries will be extremely small.

The present shortage of manpower has been brought about by the steady growth in the past three years of the fighting forces and war industry. At the start of war there was a substantial number of unemployed persons. The first stages of planning and organizing for war required relatively few workers, but as the actual production stage was reached idle workers were used up at a steadily increasing rate. The growth of the armed services took hundreds of thousands of physically fit men.

To meet the shortage of skilled help the War Emergency Training Program is training workers. In the past fiscal year 73,766 persons were trained, 20 per cent of whom were women. This summer nearly 50 per cent of the trainees were women and the proportion is growing steadily.

Provincial governments, industry and educa-



tional institutions are co-operating in the training program.

Students are being encouraged to enter or continue such courses as science, engineering, medicine and dentistry.

So far as possible Canada's handling of manpower has been on a voluntary basis. By 1942, however, it had become evident that persuasion and voluntary controls were not enough to keep the country's effort going at full speed. A program of National Selective Service was introduced by the government in March, carrying with it a large measure of compulsion. The age for calling up men for compulsory military service was raised. Certain occupations were named into which physically fit men of military age could not enter.

The importance of women in war industry was stressed and a campaign laid down to attract women workers.

The controls were gradually tightened as the manpower shortage grew more serious. Employees could no longer move at will from one job to another and employers had to report staff changes and anticipated changes. The age for compulsory military service was broadened to include single men and childless widowers from 20 to 40.

In August it was announced that the sole responsibility for the mobilization and allocation of all manpower was to be placed under National Selective Service. All departments concerned, such as the Department of Munitions and Supply, Agriculture and the armed services are co-operating in manpower plans. National Selective Service will also soon be responsible for the call-up of men for compulsory military training.

Labor, like tea, coffee and gasoline has been rationed.

Any Canadian who is thinking of changing his or her job immediately comes under the surveillance of National Selective Service. In peacetime,

workers who wanted jobs, or employers who wanted workers, referred to the "help" columns of their newspaper. Now no employer or employee can make any employment arrangement through advertisements without first obtaining authority of the local office of National Selective Service.

If the employee does not like the job he is in, he simply does not quit. He has to give notice in writing to his employer seven days before he intends to end his employment. The employer must conform to the same requirement. A copy of the written notice must be forwarded to the local unemployment office. The employee is given a form known as a separation slip.

An employer cannot interview any prospective employee unless the applicant has a permit to look for employment from an employment office. No permits will be granted by this office unless the applicant has his separation slip, or can prove that





he has been unemployed. Permits to seek work can be restricted to any locality or type of work the employment office wishes. An employed worker may be required to accept suitable work or transfer from one job to another in which his labour is more fully used.

When an employed person is placed in a new job by National Selective Service where he can perform a more useful function he will be reinstated in his former job when the war work is ended. This provision is also made for sailors, soldiers and airmen who will be returned to previous civil employment.

The final stage in the rationing is being reserved. That is the transferring of employees from less essential work. So far the curtailment of activity in civilian industries, brought about by material shortages and by simplification, has released workers for more essential work. Direct transfer of labour may be made by National Selective Service if that becomes necessary.

There remains a few sources for manpower. There are the workers in industry who can be moved to more essential jobs. There are retired persons, young men and women leaving school and a large number of women whose services are not now in use. The efficiency of industry may be

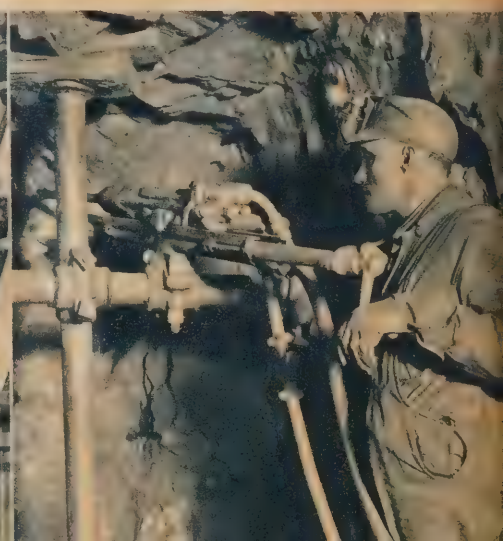
increased by reducing absenteeism and increasing the unit output of workers by improvement of relations between labour and employer.

There are many jobs which women can do in the place of men. In munitions plants alone there are countless jobs for them. They are not heavy tasks but they require steady nerves and good physiques. When war production reaches its peak there will be places for hundreds of thousands of women in such occupations.

The registration of Canadian womanpower starts in September and through it will be learned how many women will be able to take jobs. The first group to register will be the 20-24 age group. In succeeding months other groups will be registered.

To ease the burden on women already employed, the Federal Government and the Governments of Ontario and Quebec have laid plans for day nurseries for the care of children whose mothers are working. Other steps are being taken to ensure that women in industry will have the best of care.

There are still some idle resources of manpower and womanpower in the country, but the time is fast approaching when this most precious of all commodities will have to be rationed as carefully as rubber or silk.







definite pattern. It has rapidly built a convoy navy, for its major task has been the provision of escorts for Atlantic shipping.

The Canadian Navy's share of convoy protection has not been confined exclusively to the east-west shipping routes. Its ships have given protection to merchant shipping on north-south courses, extending their activities south to the Caribbean Sea.

Although security needs make it necessary to withhold details of successes against the enemy,

TRIED, tested and proved in three years of conflict at sea, the Royal Canadian Navy enters the fourth year of war a full partner in the Battle of the Atlantic with the navies of Great Britain and the United States. To the battle it brings more than 400 ships and more than 40,000 men. By the end of March it is anticipated that these figures will be increased to more than 500 ships and 44,000 men.

The growth of Canada's Navy in relative size and striking power provides a comparison unmatched by any other naval power in the world.

In September, 1939, when the Service was mobilized on a war footing it was able to send to sea only six actual fighting ships (destroyers). Half a dozen other vessels, mainly minesweepers were on the list. On permanent strength were less than 1,800 men.

The latest figures are more than 400 ships (a growth of more than 30 times the original strength) and more than 40,000 men (approximately 25 times the strength at the outbreak of war).

In building this Navy, Canada has followed a



Midget ships of war with magnificent record of accomplishment in the Battle of the Atlantic are Canada's corvettes. This dramatic photo symbolizes the ceaseless campaign against the enemy at sea.



the Naval Minister announced in August that submarine hunting by the Royal Canadian Navy could be presumed to be "good". It had been known, previously, that Canadian ships had scored successes against submarines, but seldom have details of these successes been disclosed.

Successes have not been gained without cost, and more than 500 officers and ratings have been killed on active service, 72 wounded or injured and four taken prisoners of war. Two destroyers, H. M. C. S. Fraser and H. M. C. S.

Margaree have been lost, with three corvettes, H.M.C.S. Levis, Spikenard and Windflower and two patrol ships, H.M.C.S. Bras d'Or and Otter.

Although the Canadian Navy has been built with an eye to its main objective, that of convoying, it has on occasions taken part in actions at sea which have had nothing to do with its convoy duties.

In the earlier days of the war its destroyers took part in the Battle of Britain and in the evacuation of France. Auxiliary cruisers, converted from





fast, large passenger ships, took their share of the sea-blockade imposed by the Allied forces, with considerable success. Men of the R.C.N. have served far afield with ships of the Royal Navy, and to-day there are more than 1,000 officers and men from Canada with the Imperial Service. Three years of war have seen men of Canada's Navy serving in every sea, and have seen its ships in the Atlantic and the Pacific from the Arctic to the Tropics.

The Navy is adding destroyers to its strength. Three modern Tribal class destroyers have been launched in Britain. The keels of two more were laid this summer in a Canadian shipyard.

Training standards have not been relaxed in the Navy's unprecedented expansion. Men are

NAVY	
1939	
1940	
1941	
1942	

1 UNIT equals approximately 10,000 men

drawn from every section of the Dominion and a progressive and complete training course is provided. In October a new Naval College is being opened at Esquimalt.

In the past three years the new strength of the Royal Canadian Navy has become a valuable addition to the two great navies of Britain and

the United States.

The Navy, like the other fighting forces, has its women's organization. Patterned after the famous "Wrens" of the Royal Navy, the Women's Division of the R.C.N. is training young women to do the same kind of work as the women of the British organization.



to keep steady stream of
food and arms flowing to
the world's battlefronts
merchant sailors run the
gunnery of Axis U-boats.
Thousands of these unsung
heroes have died. Convoys
(UPPER LEFT) are screened
by naval escort. When sub
marines encountered the depth
charges are dropped over
board (ABOVE) and the
explosion (RIGHT) crushes
the U-boat's steel walls.





FAIRMILES, DESTROYERS, MINESWEEPERS, CORVETTES — ON THESE RESOLUTE WARSHIP





CANADA'S SEAMEN KEEP THE SEALANES OPEN WHILE MERCHANTMEN DELIVER THE GOODS





protective lane for their cumbersome charges. Above and out of sight airplanes droned.

Before nightfall long lines of khaki-clad troops were filing happily down gangways. The British recognized the new arrivals, and remembering the Canadian soldiers of the First Great War, were heartened by their presence.

These Canucks of 1939, like their predecessors, were citizen-soldiers, farmers, factory workers, woodsmen — anything but professional soldiers. They were the successors to the gallant men who fought in the dreary trenches and the blood-soaked fields of Vimy Ridge, Passchendaele, Ypres, and other battlefields of the first world conflict.

Few of them were from the regular peacetime Canadian Army. At the outbreak of war this Army numbered only 4,500, and the majority was retained in Canada to train the men who were rapidly filling up training camps at home.

With insufficient arms and materials, and with a shortage of officers and non-commissioned officers, the Canadian Army set about its task. It improvised, built new training establishments, and


OUT of the cold grey mist of the early morning of December 17, 1939, a fast sleek destroyer knifed its way through the chill waters of the North Atlantic. More destroyers followed in precise procession. Then came the battle-ships, large, lumbering giants with their guns pointed to the horizon.

From the west came a column of ocean liners, slowly feeling their way through the early morning mist. The two forces met, signal lamps blinked, and the naval forces wheeled to make a

Gen. McNaughton is interested in every man in his army, knows all activities.





Canadian troops, trained to physical perfection, whip across the channel in swift motor barges and attack enemy positions in bold commando raids. Barges carry tanks, armored machines. 

conducted mock war in grim earnest with dummy tanks and vehicles. It started a flow of men to Britain to keep its forces there growing. It sent troops to Newfoundland, where the eastern outpost of the continent stood in indefensible solitude. It sent others to Iceland, the West Indies and Gibraltar.

In Britain the Canadians were posted to vital defence sectors. Between the time the Germans occupied Poland and invaded Norway the Canadians were training for battle. But there was to be no battle for them.

In April, 1940, their hopes were raised high when a group of them were taken to a Scottish port. The objective was Trondheim in Norway. But plans for the operation were called off and the Canadians returned to camp to train again. Once more, in May, 1940, they were disappointed. Plans were being considered to send troops to France. Troops were at an embarkation

point but once more were sent back to their stations.

Finally, in June, 1940, one infantry brigade of Canadians actually landed in Brest, travelled 200 miles from the French seaport and received orders to retire. They left France without firing a shot.

After Dunkirk the Canadians trained and waited for the Germans, but they did not come. Prime Minister Churchill said of the period:

"You have seen your gallant Canadian Corps and other troops who are here. We have felt very much for them that they have not yet had a chance of coming to close quarters with the enemy. It is not their fault; it is not our fault; but there they stand, and there they have stood through the whole of the critical period of the last 15 months at the very point where they would be the first to be hurled into a counter-stroke against an invader. No greater service can be rendered to this country, not more important military duty can be performed



↑ A Canadian tank commander leads his thundering juggernauts into battle, keeping in touch with every unit by radiophone.

↓ What, no paved highway! The jeep carries these Canucks over pretty rough terrain. Not so comfortable, but they get there.



by any troops in all the allies."

This Army received a steady flow of reinforcements from Canada, where the machinery for training was expanding at a rapid rate. Recruits were pouring into the Army. One year after the outbreak of war, it had grown to 155,000 men, an expansion of nearly 27 times in the year. By September, 1941, it had doubled the strength of the preceding year.

On December 7, 1941, the Japanese attacked Hong Kong, Britain's Far East bastion, where for several weeks nearly 2,000 men of the Winnipeg Grenadiers and the Royal Rifles of Canada, had been stationed. Stripped of support from the air and sea, British, Canadian and other Empire troops defended the island against an enemy vastly superior in number until on Christmas day the official communique announced: "The military and naval commanders informed the Governor no further resistance could be made."

With the turning of this "sombre but glorious page" in the annals of Canadian arms, preparations for the defence of the Dominion were expanded and speeded up. Two divisions — the 7th and 8th — were mobilized to give depth to

existing and projected defences. The new divisions were made up chiefly of men called up for compulsory military service. The call-up was broadened to include all single men and childless widowers between the ages of 20 and 40.

The Reserve Army, composed of men receiving part-time training at summer camps, and on week-ends and nights, was revitalized. Its training and equipment was revised to make it as near to that of the Active Army as possible.

In all matters of defence Canada's preparations have been closely co-ordinated with those of the United States. The construction of a military road and a chain of airports to Alaska was all a part of these plans.

But despite the increasing emphasis on defence, the first consideration of the Army has been with its forces in Britain, growing steadily every day in strength and effectiveness. The soldiers here, toughened by the most rigid training and receiving the most modern weapons the allies can build

ARMY

1939

1940

1941

1942



1 UNIT equals approximately 60,000 men
(This does not include the Reserve Army)





are among the best troops in the British forces in the British Isles.

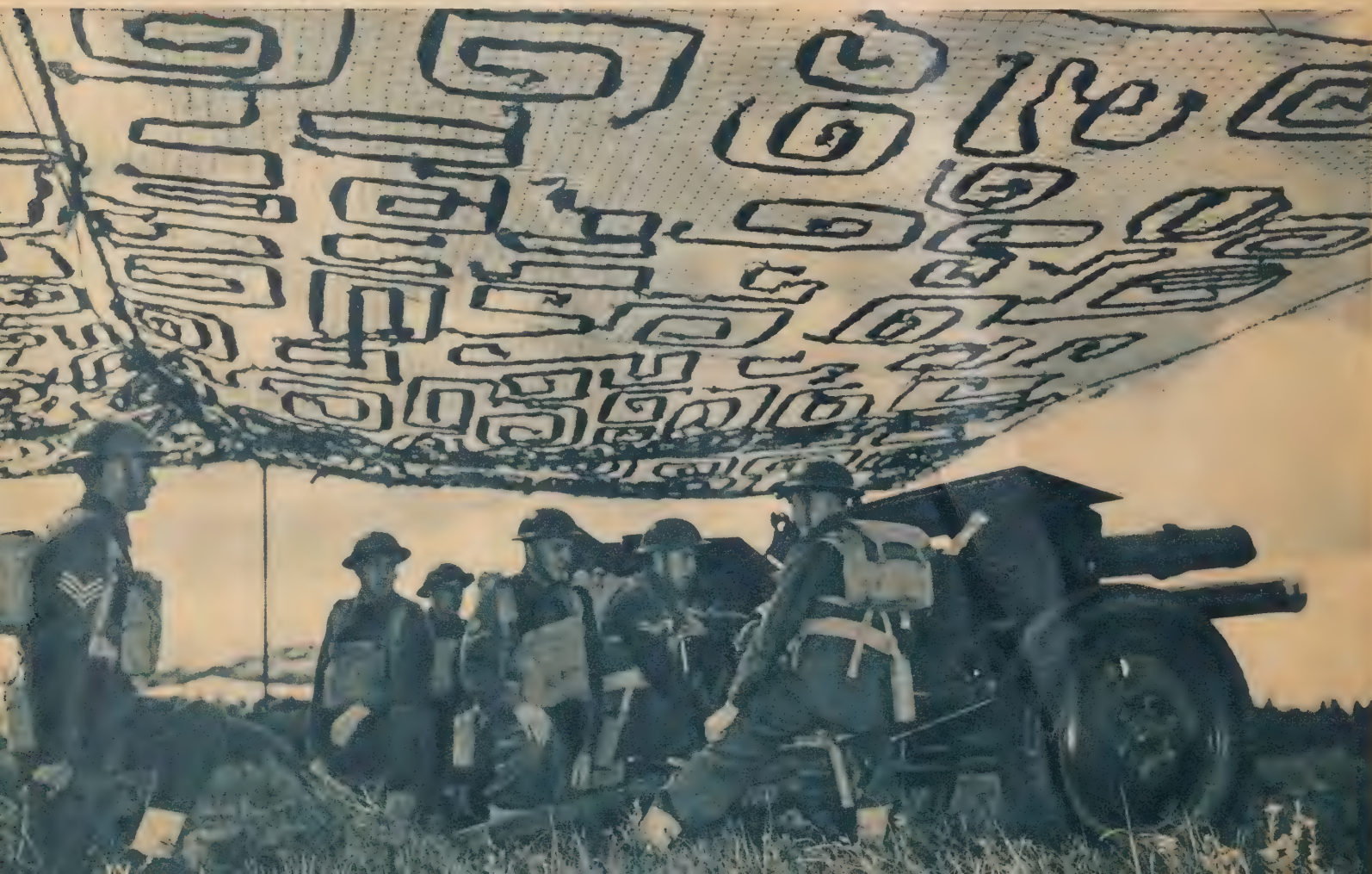
An ambitious program of development has been laid down for the Army in Britain for this year. It has an objective of supreme importance: to make this Army second to none in the armies of the world and to prepare for the offensive of the United Nations on German soil. Two Army Corps are being organized in the United Kingdom, an Army which will have a greater proportion of armored strength than any other army in the world.

At Dieppe Canadians demonstrated to the world that they are worthy successors to the men of 1914-18, and that when the time comes they will be a sharp, hard spearhead of invasion.

The Army is keeping pace with the latest branches of military science. Paratroops and commandos are being added to its ranks. The experience of both United States and Great Britain in the use of these troops is being drawn upon. Training methods used in both countries, in fact, are being closely studied by Canadian. The best features of both are adopted for Canadian use.

↑ Sudden death for a fascist is waiting in this commando's gun.

A camouflaged field gun looks like vegetation from the air, sprouts poisonous lead bouquets with Hitler's name on them. ↓





↑ Convoy of universal carriers moves through B. C. Rockies. Carriers mount machine guns, are described as army's "workhorses".

Every effort is being made to make these soldier-citizens of the Canadian Army a match for the professional veterans of the enemy. In three years the Army has accomplished magnificent things with the small nucleus of 4,500 men with which it entered the war. Now totalling more than 350,000 men, the Army is nearing the day of its big trial.

In Canada's Women's Army there are more than 5,000 smartly uniformed energetic women doing all kinds of duties which release men for more military-like jobs. They are serving in Washington as well as at home and they will be overseas in the near future.

The first recruits reported on September 1, 1941. They are expected to total 10,000 by the end of the year and 14,000 by March next.

Handy weapons like this knife give commandos fighting advantage. ↓



Per Ardua ad Astra



IN THREE years of war Canada has fashioned a major instrument for modern aerial warfare. The vast, expanding British Commonwealth Air Training Plan is producing in steadily increasing volume airmen for the offensive of the United Nations. Abroad, thousands of graduates of the Plan — a great majority of them Canadians — are engaged on every battle-front.

They are flying every type of aircraft in the British arsenal. R.C.A.F. fighter squadrons are battling raiders over Britain and conducting those sudden sweeps over occupied France and the Low Countries which keep Nazi squadrons pinned to the Western front. Coastal Command squadrons are taking a deadly toll of Nazi shipping, especially along the Dutch and Norwegian coasts. Night fighter squadrons have set up an enviable record. And bomber squadrons have been steadily pounding targets in Germany and the occupied countries.

In Libya R.C.A.F. squadrons are disrupting Rommel's communications, and in Ceylon an

R.C.A.F. patrol was responsible for warning Colombo of an approaching Japanese raid in time for the attack to be repulsed.

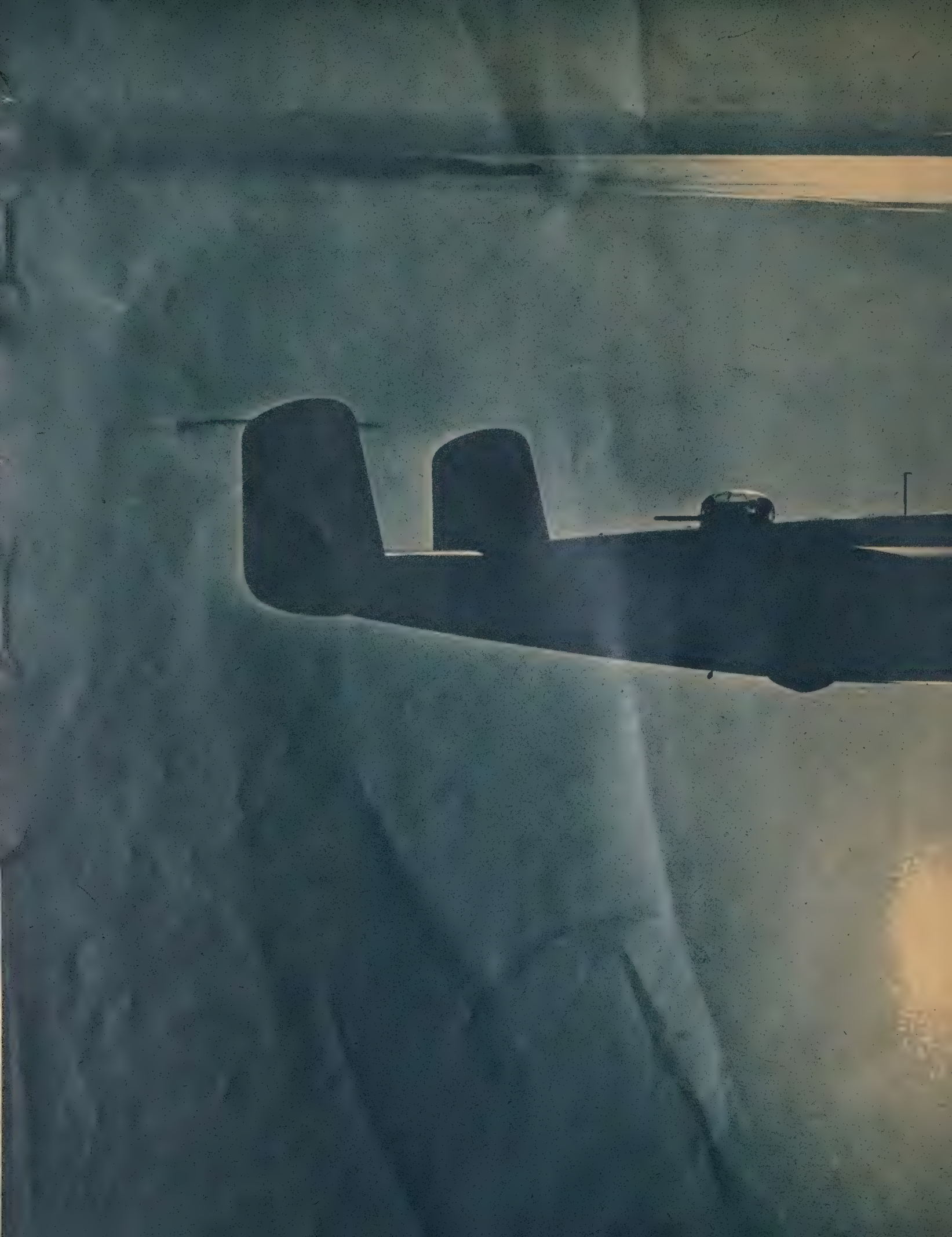
On this continent R.C.A.F. squadrons are fighting alongside United States forces against the Japanese in Alaska. Other squadrons constantly patrol the Pacific coast, while fighter squadrons stand at the "ready" to meet any attack. Far over the Atlantic long range aircraft of the R.C.A.F. protect convoys while others hunt out lurking U-boats.

In three years of war, Canada, from a nucleus of fewer than 5,000 officers and airmen, has created an air force with a strength of more than 115,000. The R.C.A.F. has established nearly 25 fully operational squadrons in Britain. It is organizing more there and has sent squadrons to the Middle East and to Ceylon. The number of bases along Canada's coasts has been greatly increased and defensive air strength has been multiplied many times.

Perhaps the greatest of Canada's achievements in the air has been the creation of the British

Canada's huge network of British Commonwealth Air Training Schools graduate thousands of fighting airmen every year for the Royal Canadian Air Force and United Nations. These Harvard training planes are at Uplands, where 1,000 take-offs fill the sky every day.









Commonwealth Air Training Plan, a veritable training factory, with nearly 100 schools turning out many thousands of airmen every year.

Back in December, 1939, when the partners to the plan—Great Britain, Australia, New Zealand and Canada—drew up the blueprints for its organization, they seemed fantastic, improbable of realization. Conceived at a time when most Canadians, along with the other enemies of Germany, had scarcely any conception of what modern war was to bring, it was even then planned to ensure eventual mastery of the air.

With the grim days of the Battle of Britain, it was a temptation to scrap the long range plan—throw every instructor, every flier, and half-trained pilot into the fight overseas. The decision was made in Britain. "Ten thousand trained airmen later will do us far more good than 1,000 now," Canada was told. And the Royal Canadian Air Force continued its task of creating the British Commonwealth Air Training Plan. In December, 1941, the last school under the original plan was opened. It was intended that the school should have opened the following April or May.



1 UNIT equals approximately 20,000 men

Andre Jobin, member of the Air Cadet League, sizes up a Canadian-built "Norseman". Cadet training includes visits to airports, aircraft plants, technical schools.




Under the original B. C. A. T. P. agreement Canada supplied approximately 80 per cent of the students. Of the total estimated cost of \$824,000,000 Canada's share was more than \$600,000,000. This original agreement was intended to continue until March, 1943, but in view of the magnitude of the Plan's success, and altered conditions, a new agreement was signed last June.

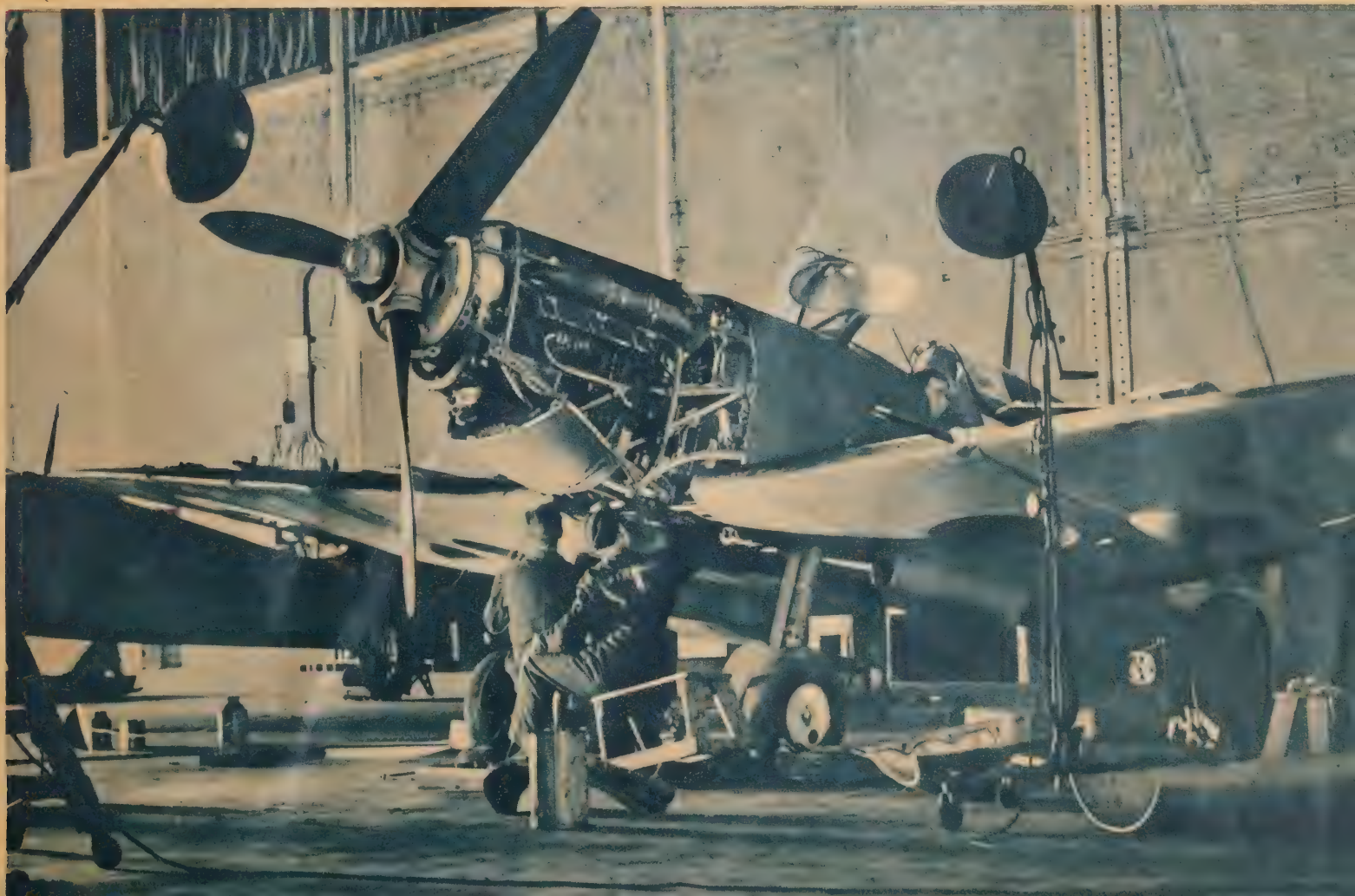
The new agreement provides for a considerable expansion of the original program. It became effective July 1 and operates to March 31, 1945, during which time it will cost \$1,500,000,000. The Royal Canadian Air Force continues to administer the Plan and Canada will pay 50 per cent of the cost. The United Kingdom will pay the remaining 50 per cent, less deductions representing payments made by New Zealand and Australia for the cost of training aircrew from those Dominions. The United Kingdom share of the cost will be largely payable "in kind"—that is, in the provision of aircraft and equipment.

The new agreement calls for a considerable increase in the output of trained aircrew. The



R.C.A.F. armorer of Overseas Coastal Command fits guns in turret. 

 Ground crew works all night to prepare planes for a sweep. Under powerful spotlights Spitfire guns are being readied for action.





▲ Fighter pilots are "briefed" at an R.C.A.F. station in eastern Canada for the day's sweep on coastal reconnaissance.

number of students sent to Canada for training by the R.A.F. has also been largely increased with the result that now Canada is contributing about 60 per cent of the students.

Another result of the agreement is that even greater emphasis is being placed on Canada's participation in the Empire's aerial warfare. The R.C.A.F. overseas is being "Canadianized", and R.C.A.F. headquarters there is assuming a greater control over R.C.A.F. personnel. An entirely Canadian bomber group is being formed as well as R.C.A.F. fighter stations.

Since the Battle of Britain when the first Canadian squadron covered itself with glory, Canadians have been in the forefront. R.C.A.F. graduates of the B.C.A.T.P. have won many awards and

R.C.A.F. night bomber pilots soak up English sunshine. ▼





Coconut palms provide natural camouflage for this giant Catalina flying boat of R.C.A.F. squadron serving in Ceylon. 

 At the side-gun of giant four-motored bomber overseas.




decorations. A recent count was as follows:

Distinguished Service Order.....	2
Distinguished Flying Medal.....	41
Air Force Cross.....	9
British Empire Medal.....	12
George Medal.....	2
Distinguished Flying Cross.....	66
Bars to Distinguished Flying Cross.....	2
Air Force Medal.....	4
George Cross.....	1

This, then, is a picture of Canada's war in the air being fought by those whom the Air Minister calls: "The very cream of the youth of Canada."

There were 5,500 young women wearing the uniform of the Royal Canadian Air Force (Women's Division) on August 1 this year.

They perform a wide range of jobs to release men of the R.C.A.F. for more urgent duties. 



THE ominous rumblings of war that came from across the sea in the period of uneasy peace before the march of conquest found a Canada making the things of peace — the shoes, clothing, radios, refrigerators and automobiles.

With Munich the workshops of the Dominion launched on a modest program of arms production. There was an educational order for shells given to one plant; another received a trial contract for airplanes, and numerous small orders were given for the miscellany of war. But industry at large continued with peacetime production.

When diplomacy and appeasement failed and the nations of the world turned to arms, Canada surveyed its industrial machinery and went into action. Now at the end of three years of war, it is among the large weapon-producing countries of the world. It is equipping not only its own forces, but is supplying the Empire and the United Nations.

The record of these three years is impressive.

Three years ago Canada had practically no aircraft industry. Now more than 400 planes a month come from aircraft factories.

In 1939 artillery manufacture was non-existent. Today factories in every part of the country are turning out a wide variety of ordnance.

Before the war Canada measured shipbuilding in hundreds of tons. On the inland waterways of the country, on the West Coast and the East Coast large merchant vessels, corvettes, minesweepers, and all kinds of naval craft are now sliding down the ways.

Canada relied almost entirely upon importations of military vehicles before the war. The factories of the country had never made a tank. Today the production of these weapons — armored vehicles, scout cars, universal carriers and a great variety of vehicles is a feature of the manufacturing achievement of the nation.

Far from the cities, mysterious settlements, numerous buildings have mushroomed. They are producing great quantities of explosives.

The machine shops which laboriously produced

ammunition have become giant factories, their lathes screaming 24 hours a day.

The manufacture of war optical glass for gun-sights, range finders and other military and naval equipment is a highly technical procedure. Before the war Canada relied upon other countries for this equipment. Now a new plant makes optical glass for the allies.

This is the picture the eyewitness sees. In Ottawa's hastily erected frame buildings the experts, if they had the time, could summarize the development of the immense arms program as follows:

First year: planning and organization.

Second year: expansion and construction.

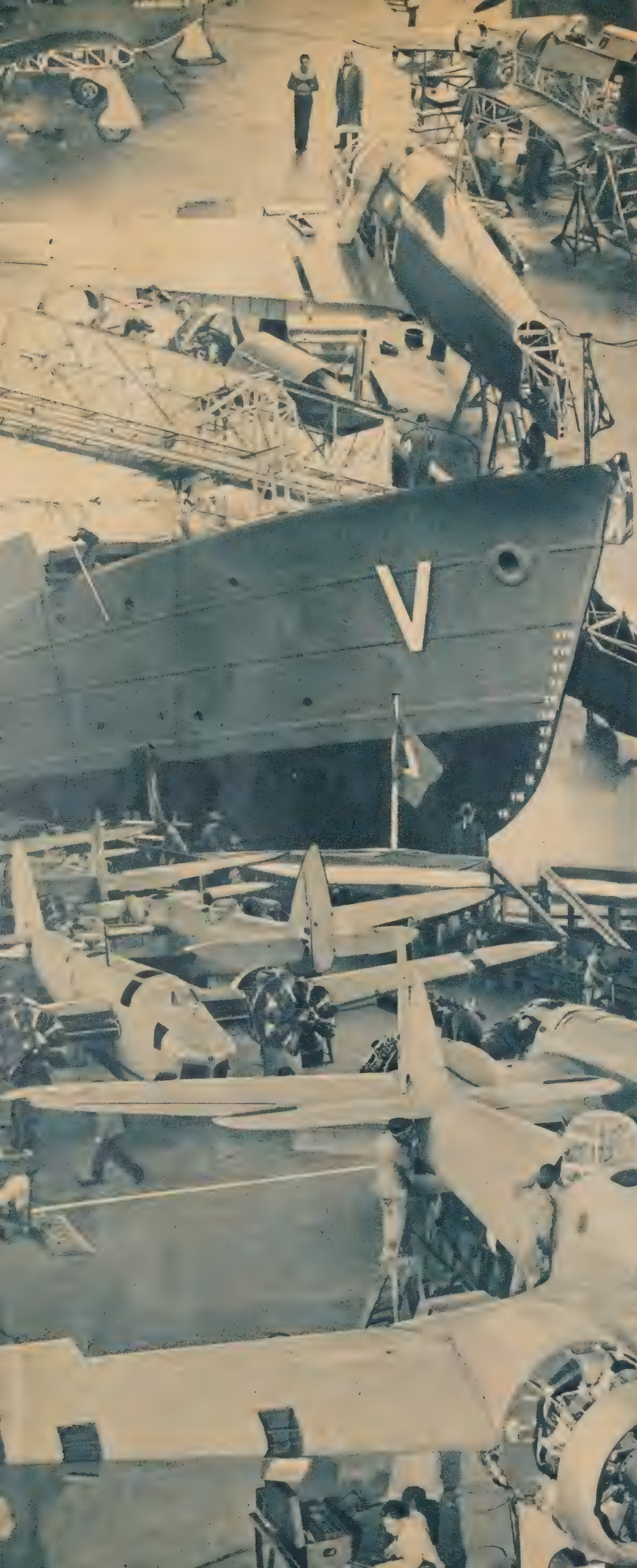
Third year: production.

The expert might fill in some of the gaps: the period of trial, frustration and even error; of altered designs and revised blueprints.

The first phase of planning and organization completed, Canada entered into the second phase of expansion and construction of facilities. This was the critical phase, the unloosing of billions of dollars, the creation of vast new industries, the

Labor forges the tools of victory. 1942's steel production will double 1939's as Canada turns out more ships, tanks and guns. ▼





building of giant plants and the purchasing of enormous quantities of equipment, machinery and raw materials. Plants were converted to war work, buildings were expanded, thousands of workers were recruited and women trained for new and unfamiliar jobs.

Like a chemist working on an experiment the experts watched the preliminary phases, waiting for the proof of the test. Were the plans thorough? Would the results fulfil expectations? Gradually they got their answer. First a bomb here — a gun there — a plane in the East — a boat in the West. The production stage had been reached. The groundwork was well laid. The manufacturers, the foremen, the workmen had done a workmanlike job

From July 14, 1939, Canadian war industry has received orders for more than \$5,000,000,000, greater than the wealth Canada's rich resources produced in most years preceding the war. To provide private industry with the necessary tools and buildings, \$700,000,000 has been advanced by the government, which, in turn, would be sufficient to operate the nation's government for any year and a half of peacetime.

More than half of these contracts have been placed by Canada to provide weapons and supplies for its own armed services. Great Britain is the other great shareholder in the arms

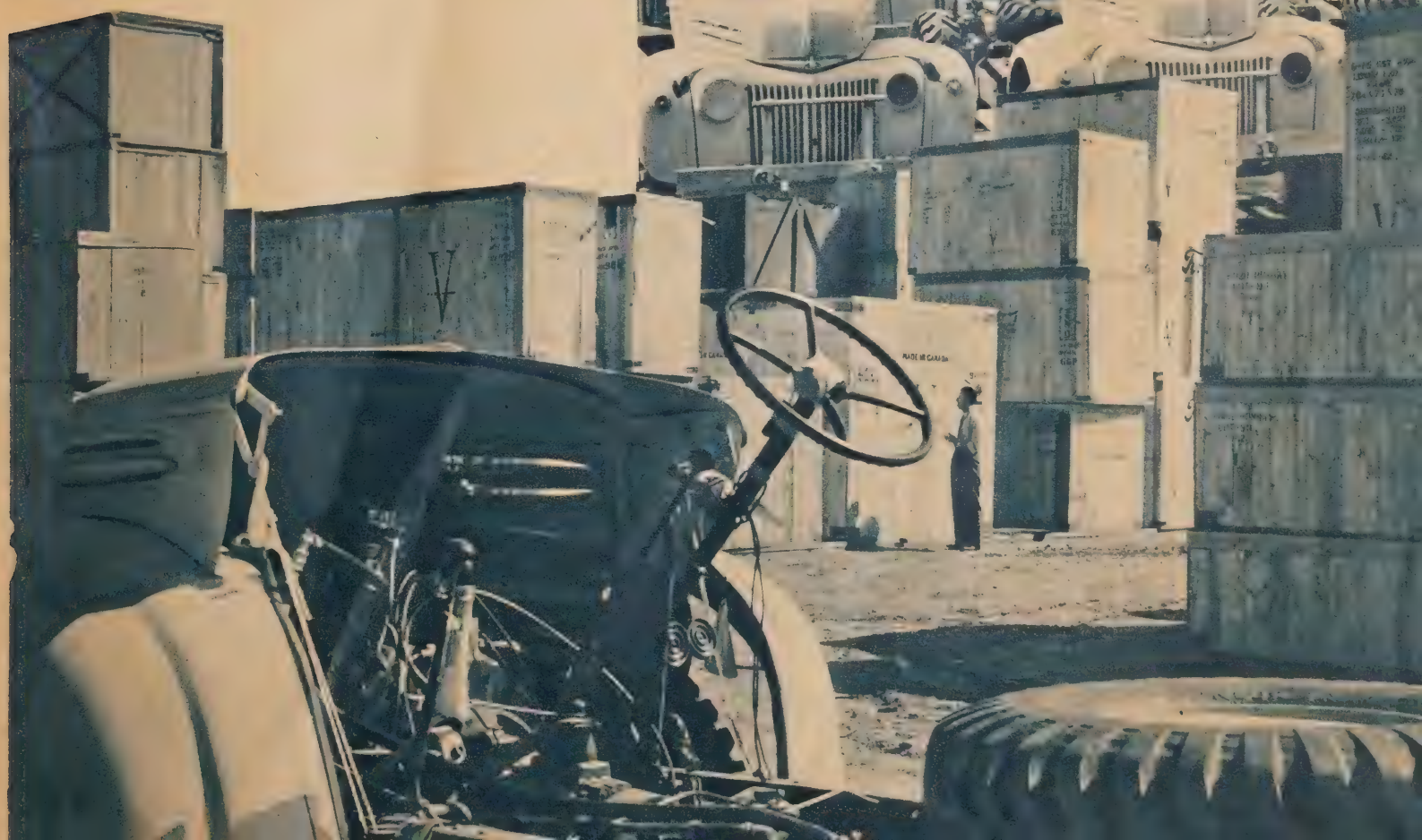
factories and other nations are having some of their requirements made in Canada.

Canadians are proud of this industrial achievement. Workmen are proud of their craftsmanship, of the shiny guns or the rumbling tanks. A young industry has performed a near-miracle. Virtually every weapon for attack and defence is coming from the production lines. The soldiers of the United Nations have received great aid from these weapons.

The Valentine tanks which have gone to Russia complete with manual for their use and filled with fuel, have been in action as little as 40 minutes after they have arrived at their destination. Canadian-made Bren guns are being used by the hard-pressed Chinese.

The famous 25-pounder field gun which has made a name for itself on the battlefield, is made at a plant in Quebec started just before the outbreak of war. This plant performs every operation in its manufacture from the scrap heap to the paint shop. The Bofors anti-aircraft gun, the 3.7 inch anti-aircraft gun, tank guns and anti-tank guns, trench mortars, Bren guns, Browning aircraft and tank machine guns, Lee-Enfield rifles, 12-pounder and 4-inch naval guns, sub-machine guns and anti-tank rifles are all made in Canada.

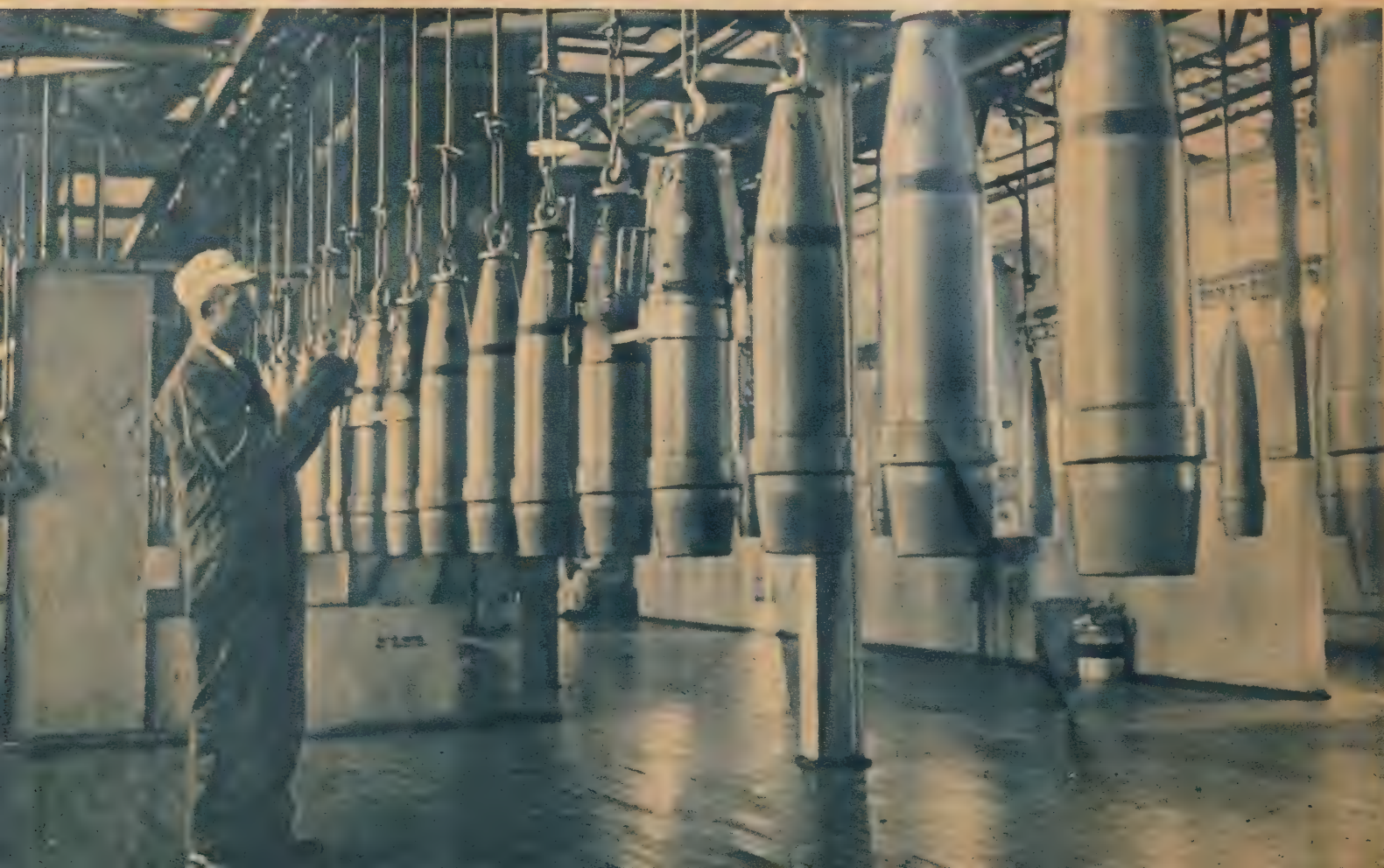
Twelve types of chemicals and 8 types of






▲ Well-named Ram tank is powered with Wright Whirlwind engine, heavily armored and armed with machine guns and cannon.

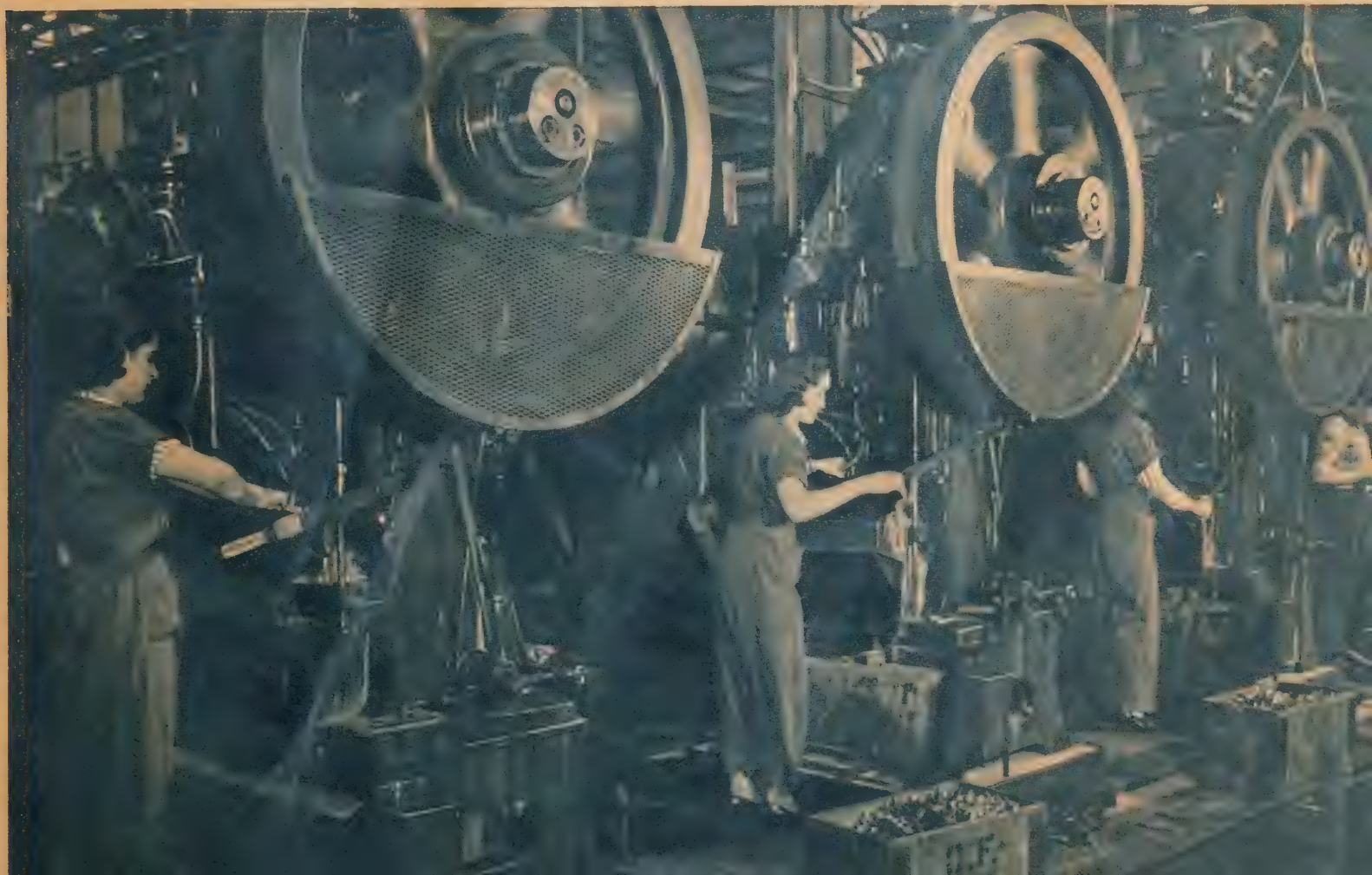
▼ A coat of paint keeps 7.2-inch artillery shells rustproof as they travel along toward the battlefronts of the United Nations.





Endless rows of 3.7-inch anti-aircraft gun barrels promise withering wall of fire to greet vultures of the Luftwaffe. 

Girls operate giant drawing presses in an eastern arsenal where mountains of brass are converted into .303 cartridges. 



MUNITIONS for the PEOPLE'S WAR

Total Orders for Canadian War Goods

1939	\$8,500,000
1940	\$390,000,000
1941	\$2,500,000,000
1942	\$5,250,000,000 (estimated)

explosives are being made. Four training types and five service types of planes constitute the aircraft production program. Giant flying boats are in production. Infantry and cruiser tanks are now a major item on the list. All kinds of ammunition and bombs are produced and filled: small arms ammunition, shells, cartridge cases, fuses, 500-lb. aerial bombs, trench mortar bombs, depth charges, and anti-tank mines and a wide variety of other war utensils. There are 90 types of army mechanized transport made, in addition to universal carriers, wireless trucks, ambulances, reconnaissance cars, scout cars and other fighting vehicles.

Radiolocators, highly technical pieces of equipment for finding enemy planes, 30 types of sighting and optical equipment, anti-submarine equipment, and hundreds of other important military devices are going from Canada to the battlefronts.

Canada not only provides the weapons but it is building the ships to carry them and fighting craft to ensure their delivery.

Every few days a 10,000-ton cargo vessel slides down the slipways of a Canadian shipyard. The program calls for the building of 172 vessels at an approximate cost of \$325,000,000.

Since the war well over 200 combat ships have been launched. Many of them were corvettes, small anti-submarine vessels, which Canada has been turning out for its own rapidly growing navy and for the British. Work is proceeding on 700 naval units, including corvettes, minesweepers, patrol boats, base ships and miscellaneous craft. A new faster and larger corvette is being constructed. The keels for two Tribal class destroyers have been laid. These destroyers will be the largest naval vessels which Canada has ever built.

Combined orders for merchant tonnage and naval vessels total more than \$550,000,000, and the program is still being expanded.

As in other matters of defence and economics, Canada has linked its production program closely to that of the United States. The War Production Committee has brought the industrial machinery of the two countries into synchronization.

It has announced that in Canada the annual rate of production in the second quarter of 1942 was nearly three times the rate in 1941. Still greater increases are scheduled. It is expected that Canada will reach its peak of production in 1943. At present over 900,000 workers are directly and indirectly employed in war production, of which more than 145,000 are women.

Production of Canadian factories is tremendous and is growing steadily. In the first two and a half years of war the gross output of production delivered by the Department of Munitions and Supply exceeded the gross value of output of Canadian manufacturing industry in 1934.

It will continue to grow until its force and impetus to the United Nations' effort will be a weighty factor for victory.



THE United Kingdom has been Canada's chief link with the war. The Dominion's offensive manpower, its army, its operational air force and a part of its navy, is in Britain. The great bulk of Canada's weapons and food that goes abroad is unloaded at British ports. Much of Canada's war effort therefore is associated with Great Britain.

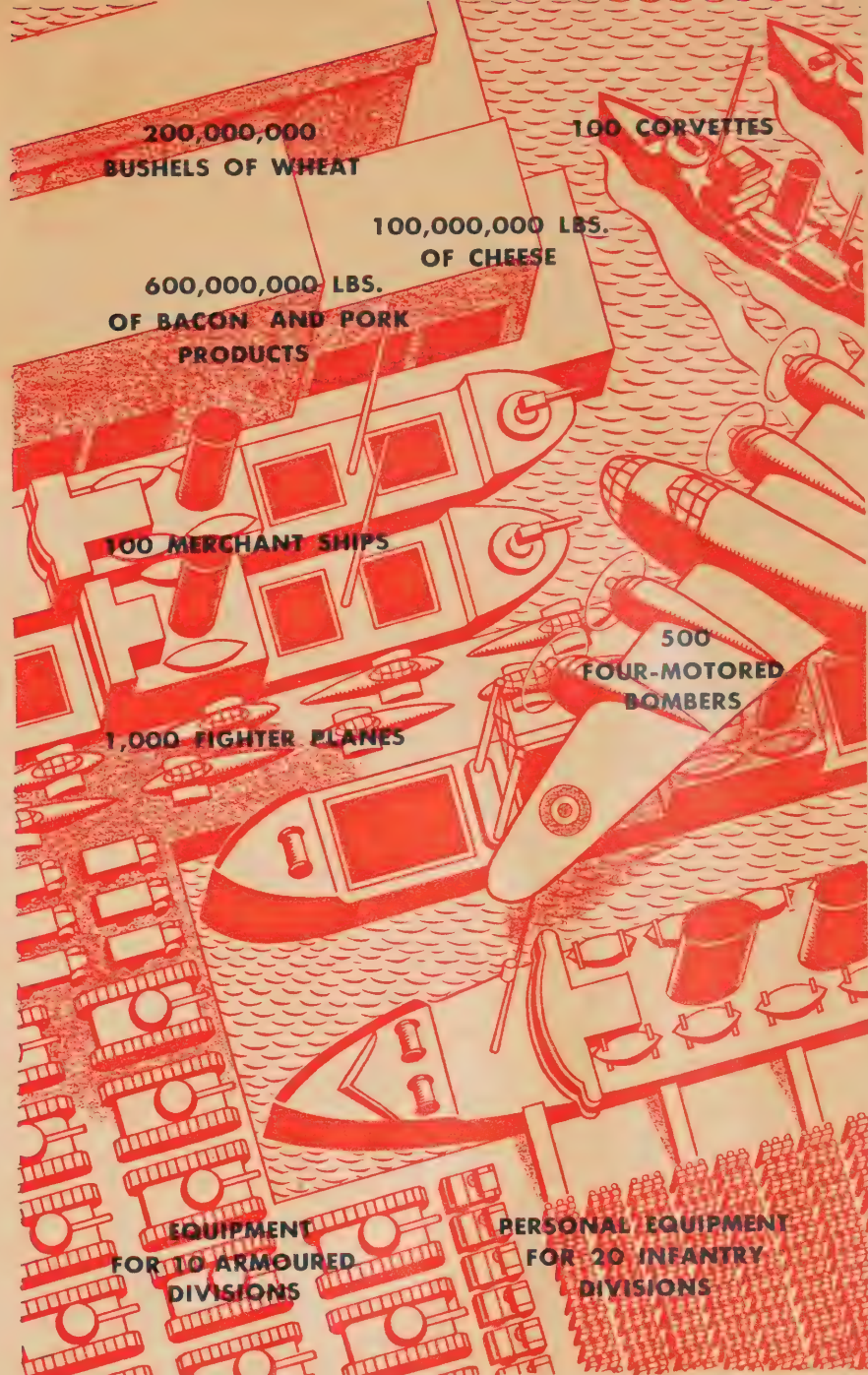
With the first convoy that left Eastern Canada early in the war a steady flow of men and materials has been going eastward. Little has been coming to the new world.

Great Britain was short of Canadian dollars and at first paid for its purchases in Canada with Canadian government securities (to a limited extent by the securities of private Canadian companies held by British investors), and by shipments of gold. Britain was able to send some goods overseas, but all these methods of payment were inadequate. By far the greatest part of the deficiency was permitted to pile up as a debt, or accumulated sterling balances held by Canada in London.

From the first of the war to March 31, 1942, financial help extended by the Canadian government to the United Kingdom totalled \$1,512,700,000.

As shipments of war materials to Britain increased so British requirements of Canadian dollars rose. Canadians realized that Britain had not the means to meet these needs and realistically decided that a \$1,000,000,000 gift in munitions, raw materials and foodstuffs should be made available to remove any possible restrictions upon the steady flow of war goods through financial impediments. The outstanding balance of past indebtedness was consolidated and extended as an interest-free loan for the duration of the war.

In the first four months of the government's financial year \$548,928,634 of the gift was expended, which would indicate that the full amount will not last beyond 1942 and not until early 1943 as originally forecast.



The British people have been heartened and encouraged by the help that came from Canada in the grim grey days after Dunkirk. The \$1,000,000,000 gift of munitions raw materials and foodstuffs being made to the people of the United Kingdom this year has given them tangible evidence of the close comradeship of the people of the Mother Country and the Dominion. Such astronomical sums as \$1,000,000,000 have little meaning for an average Canadian or Briton. But in the pictorial diagram above the sum is translated in real things—the tanks, the guns, the food and all other things being shipped under the provisions of the gift. It will not be composed of these things. The exact nature and quantity of shipments to Britain are naturally closely guarded secrets. But the group depicted above indicates in understandable terms the magnitude of the aid which is being given by Canada free of any strings. ↑



Bumper 1942 harvest will assure Britain's bread supply for years.



Canada is shipping tons of powdered eggs to feed Britain's millions.



One week's shipment of pork products now equals deliveries for 1933.



IN THIS as in every war food is a weapon and farms are among the most prized spoils of victory. To work their will upon the world, Germany's leaders long planned to seize enough farmland in the Ukraine to break the food blockade that helped them lose another war.

Guarded by mountains and oceans against invaders, Canada has wheat fields as lavishly fertile as those of Russia's lost provinces. For three years, in the Prairie Provinces and in all parts of Canada free men and women have labored long hours to feed a nation at war, to sustain the British people garrisoning the outer bastions of freedom, and to store food for nations still enslaved.

Canadian agriculture has shown great reserves of productive power and has been proven sound. Canadian farmers have responded with record output to the challenging quotas set them.

Thanks to the patriotism, the energy and the initiative of Canadian farmers, enough food has been produced to meet Britain's needs. Canadian farmers have met and exceeded every demand. They have reorganized their farms to produce more live stock, more poultry and more dairy products. To do this they have altered cropping programs to grow more feed and less wheat. They have done this important war service in spite of increasing shortages of materials, of farm machinery and of manpower.

Because of the shortage of farm labor no farmer is now, as a rule, called for compulsory military service or permitted to accept other employment. To produce more with less workers, everyone on a farm, men, women and children—for on a farm no one is idle—must work as never before.

Other workers, boys and girls, men and women, have volunteered to serve in the Land Army or Farm Service Force in free time or during vacations. Farmers and farmerettes from city or town proudly boast of sunburn and tired muscles—marks of war service.

In three years of war there have been many notable achievements by Canadian agriculture. All parts of Canada have made their contribution. From Canada's vast reserves several hundred million bushels of wheat have been sent to Britain. After supplying domestic needs, over

1,350,000,000 pounds of bacon and pork products have also been supplied. One week's shipment is now equal to a year's exports ten years ago. By the end of this year 70,000,000 dozen eggs will have been sent, or 45 times pre-war shipments.

Nearly 300,000,000 pounds of cheese and nearly 94,000,000 cans of evaporated milk have been shipped. Vast quantities of fruits and vegetables, honey and breakfast cereals, have been supplied. Only simple and essential foods are sent to Britain and these are in the most concentrated form.

The Canadian farmer is not standing still. To get even greater production, improved farming practices are being more widely adopted. A million more sheep are needed next year. Oil-bearing crops and flax must also be increased for war needs.

The Canadian fisherman has also served his country and Britain well during three years of war in spite of shortages of equipment and manpower. Thousands of fishermen are now sailors or seamen and many work in the shipyards. This year the entire catch of salmon and herring is being shipped to England.

In the Atlantic area, especially, there has been danger for many and death for a few of the hardy harvesters of the deep, but men who do not fear the sea are not scared from their job by U-boats.

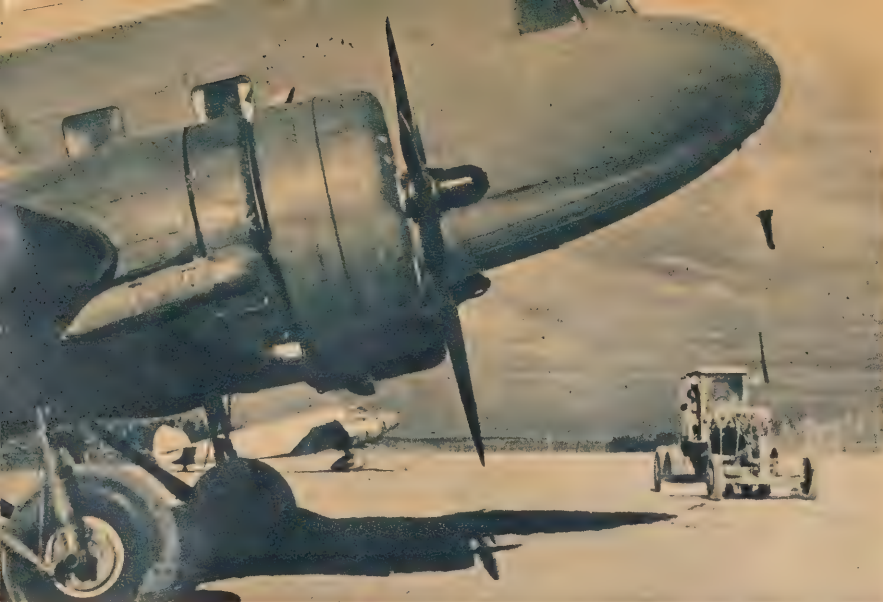


Planned production is yielding steadily increasing volume of cheese.



All of 1942 canned salmon pack goes to Britain. None to be sold here.





Planned before war by Department of Transport, chain of airports across Canada linking U.S. and Alaska was carved out of bushland.



Swiftly built by Canada to meet emergency, the airports were in use long before they were completed as supply lines into Alaska.



THE destiny of North America in world affairs, the mutual ideals of democracy and freedom have drawn the two partners of the continent closely together in the fight against a common foe.

For over a century Canada and United States have lived at peace with the longest undefended border in the world between them.

The resources of the United States in manpower and materials have been of inestimable value to Canada in building the huge British Commonwealth Air Training Plan and in bringing the

program of war production into operation.

All efforts of the two nations, military and economic, have been tied together.

The Canada-United States Defence Board was established by the Ogdensburg agreement of August 17, 1940, 16 months before the United States was in the war. As far back as August 10, 1938, it had been made clear by the President of the United States that Canadian soil would be defended by both countries.

The first tangible evidences of the Board's work was the air route and military highway to Alaska. A chain of air fields has been built from Edmonton to Alaska, which would permit the transfer of a powerful air force from the United States to Alaska within 24 hours.

The military highway closely parallels the air route. With Japanese forces in the Aleutians and the position of Alaska in the world conflict becoming of great strategical value, these air and land arteries to Alaska are of great importance.

Canadian air force and army units are in Alaska with American troops to undertake any kind of operation in that part of the world which strategy dictates.

Canada and United States have been on joint assignments before in this war. They have been together at defence posts in Newfoundland and Iceland.

Military co-operation has been extended to a special service force of both Canadian and United States troops, with a uniform of its own.

Canadian parachute troops are being trained at an American school. The closest co-operation is being maintained in the military affairs of the two countries. The Royal Canadian Navy is in American waters fighting the Axis submarine menace alongside the United States Navy and Royal Navy.

The Joint War Production Committee of Canada and the United States was formed late in 1941, to bring about a rapid and thorough mobilization of the resources of the North American Continent for war.

In the first six months of its operation the com-

mittee reported war production making good progress toward this objective by reducing duplication, revising specifications, arranging quicker exchange of supplies, breaking transportation bottle-necks, eliminating tariff and other barriers, and promoting an exchange of information on production methods and designs.

Production co-ordination is being achieved through the work of 10 technical sub-committees, which originate and develop programs, keep in touch with production authorities in both countries and co-ordinate manufacturing.

The committee has brought about the exchange of large quantities of raw materials to speed production on its way. Steel plates and frames for Canadian merchant shipbuilding have been rushed from the United States when a shortage of these materials would have held up construction at Canadian yards. Badly needed optical glass was sent from Canada to the United States Navy Department.

Supplies are moving across the border uninterrupted by tariff barriers and red tape. Goods purchased by either country for war production enter free of duty and taxes.

Further, the work of the War Production Committee has helped Canada with its foreign exchange problem. Along the lines of the Hyde Park Declaration of April, 1941, United States orders for Canadian munitions have been greatly increased. In recent months the volume of munitions going from Canada to the United States has more than doubled.

The Joint Materials Co-ordinating Committee is organizing the raw materials of the continent so they may be used as efficiently as possible in war production. Its work has been integrated with that of the Combined Raw Materials Board for the United Nations in Washington.

The materials for which it makes arrangements include such vital war commodities as nickel, aluminum, zinc, lead, copper, etc. The committee made arrangements for a large increase in Canadian aluminum production and raised nickel output for United States consumption. It raised the movement of zinc and copper concentrates to the United States.



Through northern Canada's magnificent scenery men and machines are slashing a military highway of great strategic importance.



Alcan Highway masterminds (l. to r.) Major F. A. Petit, Brig. General W. H. Hoge and Major E. J. Stann, in front of U.S. Army headquarters.

The Joint Economic Committees act in an advisory capacity to the government in Ottawa and Washington to study and report the economic aspects of co-operation between the two countries. Foreign exchange control, economic controls, price policies, tariffs and import duties and post-war planning are receiving the attention of the committees.



LIFE for Canadians has undergone far-reaching changes in the past three years. Enjoying as much liberty as any people on earth, and one of the highest standards of living, they now find a steadily tightening ring of restrictions on where they may work, how much money they can earn, what they can eat, where they can travel, what they can buy, and upon every other phase of living.

Since war began there has been a steady progression of controls imposed to bring forth the maximum war effort of the nation. They have affected Canadians through the government's financial policies, by ceilings on prices and wages, on war priorities for materials and control over production and distribution of materials.

The government's program for mobilizing all the economic resources of the country was brought into operation gradually. Canadians weren't taxed immediately to cover the war expenditures of the government. New money was put in circulation and the economy of the nation expanded, stimulating production and trade.

As production increased and every business and industry began to feel the effects of the government's financial policy, heavier taxes were imposed. Borrowings were increased to take away the increased earnings of individuals. These measures helped to restrain the buying of luxuries and other goods using materials and manpower which could be saved for war purposes.

The controls have now been so widely extended that no person remains unaffected. The average citizen has his wages fixed. The only variation in his weekly pay envelope is caused by the cost-of-living bonus he receives, or some alteration in the deduction for income tax and compulsory savings. Before he can change his job he has to comply with strict labor regulations. Many varieties of merchandise he used to purchase are no longer on merchants' shelves. He knows what he is going to pay for goods because prices have been fixed.

It is in this latter field that Canada has undertaken one of its most important controls. With the experience of the First Great War in inflation and the hardships it caused in mind, the Dominion government formed a Wartime Prices and Trade Board on the day war was declared. The Board was entrusted with the task of policing prices and



Rationing assures equal sharing of limited supplies. ▲

seeing that the history of 1914-18 did not recur.

The trend of prices in the first two years of war followed closely the pattern of the comparable years in the war of 1914-18. Gradually price increases occurred in food, clothing and the other necessities of life. The Wartime Prices and Trade Board took action in a number of cases to check the upward movement. One of the first measures taken was in the case of rents. Accommodation for workers, particularly where war industries were located, became scarce. Rents, responding to a demand exceeding supply, rose sharply. The Board stepped in and froze rents in numerous districts and eventually in a continuing series of orders froze rentals across the entire country.

In this period of gradually rising prices the Board took action on the prices of numerous commodities, but the situation in the first couple of years had not become sufficiently acute for general action.

In the month preceding the outbreak of war the official cost-of-living index stood at 100.8. By November, 1941, it had increased to 116.3 and there were evidences that the cycle of inflation, which inevitably accompanies war conditions, was on its way. Everything pointed to it. War industries were nearing full production and the income of workers was at the highest level in history. The great increase in purchasing power of workers was shown in the increased demand for goods.

At that point the government started an all-out fight against inflation. It decided upon an over-all price ceiling, as it was believed price increases had become too general for any piecemeal treatment. It was felt the application of price control to specific commodities would not work efficiently. Administration of over-all price control was made the responsibility of the War-time Prices and Trade Board.

Prices were frozen at December 1, 1941. After that date no prices were to exceed the highest price paid for goods and services in the period between September 15 and October 11. Certain

products, such as perishable commodities were exempted from the price regulation.

The establishment of a ceiling on prices in many cases created hardships for merchants, and the Wartime Prices and Trade Board outlined a general policy which would distribute the burden of fixed prices amongst all persons concerned: the retailer, the wholesaler and the manufacturer. Each one of these assumed his share of the burden in keeping the retail selling price of goods under the price ceiling.

The work of the Wartime Prices and Trade Board is tied in with that of the War Industries Control Board, which is responsible for war production. The two bodies are closely co-ordinated by interlocking memberships. War production is given priority of civilian needs and the War Industries Control Board takes the raw materials it needs, leaving the remaining materials for civilian consumption.

Shortages in many materials have become so acute that they have had to be rationed. Tea, coffee and sugar is rationed. The civilian use of gasoline is severely restricted.

The War Industries Control Board exerts a complete control over industry, and may, when it is necessary, divert any goods or services from civilian to war use.

The orders of its various controllers have drastically reduced the merchandise which can be bought in stores and shops. The manufacture of automobiles and civilian trucks has been stopped for the duration of war. The manufacture of phonographs, radios, refrigerators has been eliminated. A wide variety of things are made in only a fraction of peacetime quantities. Cellophane has disappeared from packages, as well as tin foil and other fancy wrappings. Synthetic rubber will be produced in Canada when facilities now building are completed. Almost the entire supply of natural rubber is being used for military purposes, and the synthetic product will be used for the same purpose.

Even with the strictest restrictions on the use of materials for civilian needs, serious shortages have occurred in many raw materials. By mid-summer of 1942 so serious had certain shortages become that substitutes had to be relied upon to carry the program of war production into full operation.

In every city and hamlet and farm in the country

The fight against








INFLATION



Prices increased rapidly during and after World War 1 and caused serious hardship. To prevent this from happening again, a ceiling was placed on prices on December 1, 1941.

Pay Envelope is War Casualty

Total weekly taxes and savings for three typical wage groups

	TAXPAYER	WAGE	TAX	MINIMUM SAVINGS	BALANCE
					
SINGLE		\$25	3.52	2.00	19.48
		\$50	12.75	4.00	33.25
		\$100	35.00	8.00	57.00
MARRIED		\$25	0.96	0.96	23.08
		\$50	8.36	5.00	36.64
		\$100	28.12	10.00	61.88
MARRIED WITH TWO CHILDREN		\$25	0.34	0.34	24.32
		\$50	4.60	4.60	40.80
		\$100	21.96	12.00	66.04

NOTE: These are the total liabilities and not the partial weekly collections.

numerous salvage organizations are unearthing valuable materials for the machines of war. Old rubber tires and products can be used for reclaim rubber and help in the acute shortage of this material. All kinds of metals are the objects of the salvage search.

These plans: the freezing of prices, financial policies and the other controls designed to obtain a maximum war effort, would have gone awry without a close control over the wages of workers. An uncontrolled increase in wages would have made doubly difficult, if not entirely ruined price control, because it would have created an excessive demand for the steadily diminishing supply of civilian goods with which price regulations could not have coped.

Wages have been established at a fixed level, and no increase or decrease in basic wage rates can be made by an employer unless authorized by the government. Permission to alter wage scales can be made only when it is found the scale is low compared to those in similar occupations in the same or comparable localities. A certain group of workers were exempted from this order, such as workers in agriculture, fishing, hunting, trapping, domestic service, hospitals, religious, charitable or educational institutions, and governments.

To adjust wages to wartime price levels it was ordered that after February 15, 1942, every employer, except in the exempted classes, must pay a bonus for each point that the official cost-of-living index rises above the level of October, 1941. Changes in the bonus payment are announced every three months.

Employees covered under the bonus plan, those who are in moderate wage levels below the rank of foreman, have received one bonus under the new wages plan. The cost-of-living index in July, 1942, had risen to 117.9, a rise of 2.4 points over the index for October, 1941. It was therefore ordered that all employers affected would pay the bonus from the first payroll period from August 15. The bonus payment was calculated as follows: 25 cents for each point rise in the cost of living for workers receiving \$25 or more per week; one per cent of the basic weekly wage rates for men under 21 and women workers earning less than \$25 a week. It was paid on the basis of the 2.4 rise in the cost of living.

Different regulations apply to Canadians in higher salary and wage groups than these workers. Managerial, executive and other salaries for those above the rank of foreman or comparable positions are stabilized. No increase can be paid to salaried employees in this class higher than the rate established before November 7. Salaries include bonuses and all other forms of income received. The order does not require payment of a cost-of-living bonus. It does permit, however, payment of a living bonus to those receiving less than \$3,000 annually. The same scale of bonus payments applies to this class of salaried employee as to wage earners. Promotion of salaried officials, where increases are involved, requires approval of the Minister of National Revenue.

Keystone of Canada's labor policy has been to avoid industrial strife and bring about the greatest productivity of industry possible. Dis-

putes between labour and management must be referred to a conciliation board if not settled otherwise. No strike action can be taken until after the report of the conciliation board has been released and then only if the vote is taken under the federal department of labor's auspices and a majority of those eligible to vote favour a strike.



The Canadian people's war effort has made large inroads into their pocketbooks. This year war will take at least \$3,200,000,000 or \$278 for every man, woman and child in the nation. This exceeds by a great margin anything spent before in war or peace. In comparison, the war of 1914-18 was reasonably inexpensive. From 1914 to 1920 it cost the country only about one half the amount being spent in the present year.

The costs of this war are rising steeply. Here is how they have moved upward since the start:

1939-40 (7 months of war).....	\$ 118,291,000
1940-41	752,045,000
1941-42	1,351,553,000
1942-43 (estimated) .	3,200,000,000
	<u>\$5,421,889,000</u>

Taxes have kept pace with costs. Every year has seen the imposition of new taxes and the increase of existing ones. This year they will provide more than five times the amount collected in peacetime.

The Canadian Government will need \$3,900,000,000 this year for all purposes. It is expected that with new taxes for the year the government will raise \$2,050,000,000. This is 53 per cent of total expenditures for the year, and shows to what extent the government is following through its "pay-as-you-go" policy, announced early in the war.

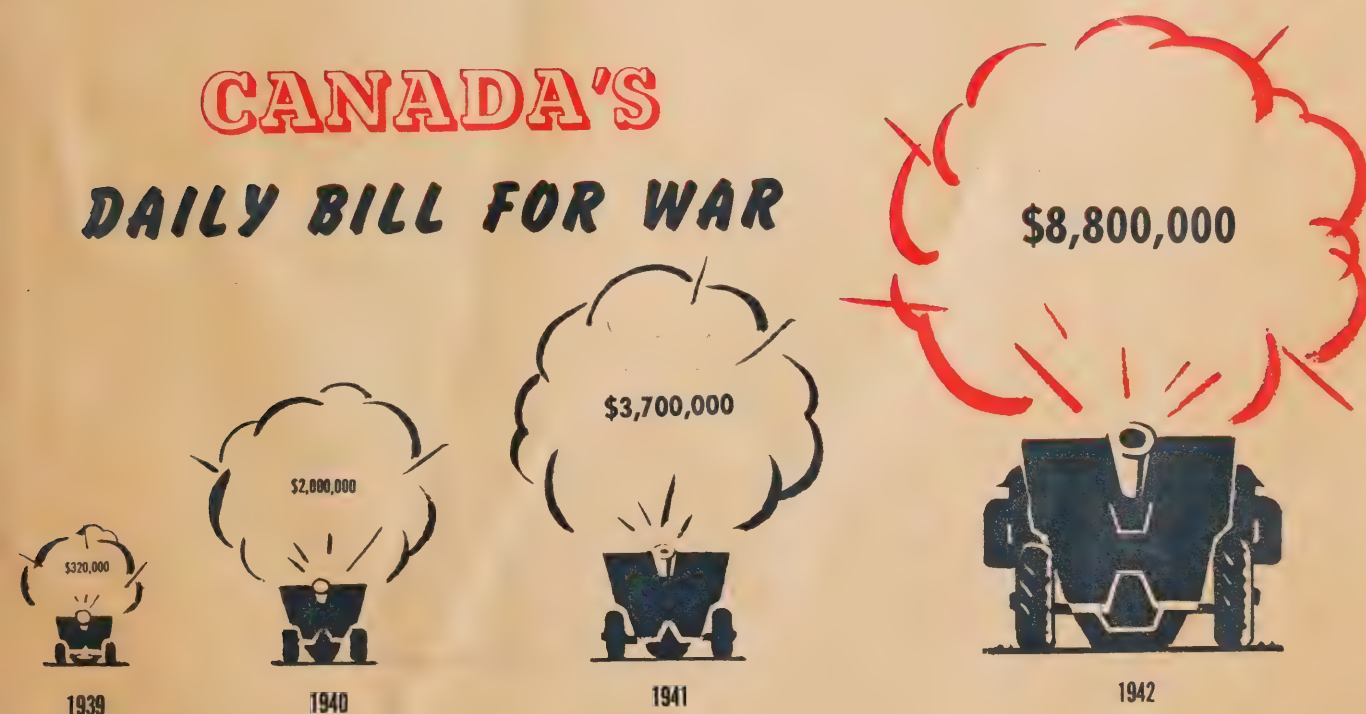
It will be necessary, however, to borrow huge sums of money. For the first time in their history Canadians are contributing minimum or compulsory savings to the government. This is being deducted with income tax from pay envelopes or in compulsory installments. The savings will be refunded after the war and contributors will receive interest at two per cent.

Allowance is made in the tax for other commitments of the taxpayer such as life insurance premiums, mortgages on a home, pension and superannuation funds and other means of saving. Concessions are also made where excessively heavy medical bills are paid.

When all these taxes and savings have been collected and other money held by the government is used there will still be a shortage of \$1,170,000,000 for war and other expenditures. This is the amount which must be met by the government borrowing from individual Canadians — by war loans, war saving certificates and war savings stamps. Thus while Canadians are paying much higher taxes they are being asked to loan more. It calls for sacrifice from all classes. ♦

CANADA'S

DAILY BILL FOR WAR



IN TIME of war "enough" is not good enough. Every Canadian must make as great a contribution as possible to the winning of the war. Canadians who serve at home have their own work to do. But they are doing more. They are sharing in the service of all uniformed men by providing for their comfort and welfare.

In military camps and in certain areas, auxiliary services are provided by national organizations financed by the Government. It is the duty of each community to see that adequate war services are provided and that necessary funds are made available.

S E R V I C E F O R





The work that is done for fighting men is not confined to those in Canada. In military camps in Britain and elsewhere men in uniform are receiving help and comfort from the folks at home. Prisoners of war in trying conditions receive parcels for their comfort, sent through international arrangement from Canada. Medical supplies are flowing to pestilence-ridden Greece.

In three years of war Canadians have subscribed \$52,000,000 to 5,000 voluntary organizations interested in war work. But the contribution in dollars and cents in no way reveals the great amount of cheerful labor and earnest resolve expended by thousands of Canadian voluntary war workers.

THE SERVICES





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